

House File 306 - Introduced

HOUSE FILE _____
BY ALONS, GRASSLEY, BAUDLER, S. OLSON,
DOLECHECK, WINDSCHITL, STRUYK,
VAN FOSSEN, SODERBERG, HEATON,
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RAYHONS, HOFFMAN, CHAMBERS, WATTS,
HUSEMAN, WORTHAN, SANDS, DRAKE,
KAUFMANN, MAY, UPMEYER, and BOAL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing a tax credit under the individual income tax,
2 corporate income tax, franchise tax, or insurance premiums tax
3 for continuation of salary, wages, or health benefit coverage
4 for employees that are members of the national guard or
5 military reserve and are ordered to active duty, and for
6 payment of certain replacement worker costs, and including
7 effective and retroactive applicability date provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 1544YH 82
10 mg/je/5

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1 1 Section 1. NEW SECTION. 422.11T ACTIVE DUTY CONTINUATION
1 2 OF BENEFITS TAX CREDIT.
1 3 1. The taxes imposed under this division, less the
1 4 nonrefundable credits allowed under this division, shall be
1 5 reduced by an active duty continuation of benefits tax credit.
1 6 A business is entitled to the credit if it has an employee who
1 7 is a member of the national guard or military service reserve
1 8 who is ordered to active duty, other than for annual training
1 9 exercises, for whom the business does any of the following:
1 10 a. Continues to include the employee on its payroll at a
1 11 salary or wages equal to at least the difference between the
1 12 average monthly salary or wages paid by the business to the
1 13 employee during the six months immediately preceding the
1 14 employee's commencement of active duty and the monthly active
1 15 duty pay.
1 16 b. Continues to pay for health benefits coverage for the
1 17 employee which coverage was the same as provided during the
1 18 six months immediately preceding the employee's commencement
1 19 of active duty.
1 20 c. Hires a replacement worker for the period the employee
1 21 is on active duty and both of the following apply:
1 22 (1) The replacement worker is paid at a salary or wages,
1 23 including overtime, equal to at least the average monthly
1 24 salary or wages paid by the business to the employee during
1 25 the six months immediately preceding the employee's
1 26 commencement of active duty.
1 27 (2) The replacement worker is provided by the business the
1 28 same health benefits coverage provided the employee during the
1 29 six months immediately preceding the employee's commencement
1 30 of active duty.
1 31 2. The amount of the credit for a business entitled to the
1 32 credit equals one thousand dollars for each employee for whom
1 33 the business meets the requirements of subsection 1, paragraph
1 34 "a", "b", or "c", during the tax year. However, if the
1 35 business qualifies for the credit for the same employee in
2 1 more than one tax year, the business shall select the one tax
2 2 year for which the credit will be claimed.
2 3 3. Any credit in excess of the tax liability for the tax
2 4 year may be credited to the tax liability for the following
2 5 ten tax years or until depleted, whichever is the earlier.
2 6 Sec. 2. Section 422.33, Code 2007, is amended by adding
2 7 the following new subsection:
2 8 NEW SUBSECTION. 15. a. The taxes imposed under this
2 9 division shall be reduced by an active duty continuation of

benefits tax credit. A business is entitled to the credit if it has an employee who is a member of the national guard or military service reserve who is ordered to active duty, other than for annual training exercises, for whom the business does any of the following:

(1) Continues to include the employee on its payroll at a salary or wages equal to at least the difference between the average monthly salary or wages paid by the business to the employee during the six months immediately preceding the employee's commencement of active duty and the monthly active duty pay.

(2) Continues to pay for health benefits coverage for the employee which coverage was the same as provided during the six months immediately preceding the employee's commencement of active duty.

(3) Hires a replacement worker for the period the employee is on active duty and both of the following apply:

(a) The replacement worker is paid at a salary or wages, including overtime, equal to at least the average monthly salary or wages paid by the business to the employee during the six months immediately preceding the employee's commencement of active duty.

(b) The replacement worker is provided by the business the same health benefits coverage provided the employee during the six months immediately preceding the employee's commencement of active duty.

b. The amount of the credit for a business entitled to the credit equals one thousand dollars for each employee for whom the business meets the requirements of paragraph "a", subparagraph (1), (2), or (3), during the tax year. However, if the business qualifies for the credit for the same employee in more than one tax year, the business shall select the one tax year for which the credit will be claimed.

c. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ten tax years or until depleted, whichever is the earlier.

Sec. 3. Section 422.60, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 13. a. The taxes imposed under this division shall be reduced by an active duty continuation of benefits tax credit. A business is entitled to the credit if it has an employee who is a member of the national guard or military service reserve who is ordered to active duty, other than for annual training exercises, for whom the business does any of the following:

(1) Continues to include the employee on its payroll at a salary or wages equal to at least the difference between the average monthly salary or wages paid by the business to the employee during the six months immediately preceding the employee's commencement of active duty and the monthly active duty pay.

(2) Continues to pay for health benefits coverage for the employee which coverage was the same as provided during the six months immediately preceding the employee's commencement of active duty.

(3) Hires a replacement worker for the period the employee is on active duty and both of the following apply:

(a) The replacement worker is paid at a salary or wages, including overtime, equal to at least the average monthly salary or wages paid by the business to the employee during the six months immediately preceding the employee's commencement of active duty.

(b) The replacement worker is provided by the business the same health benefits coverage provided the employee during the six months immediately preceding the employee's commencement of active duty.

b. The amount of the credit for a business entitled to the credit equals one thousand dollars for each employee for whom the business meets the requirements of paragraph "a", subparagraph (1), (2), or (3), during the tax year. However, if the business qualifies for the credit for the same employee in more than one tax year, the business shall select the one tax year for which the credit will be claimed.

c. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ten tax years or until depleted, whichever is the earlier.

Sec. 4. NEW SECTION. 432.12J ACTIVE DUTY CONTINUATION OF BENEFITS TAX CREDIT.

1. The taxes imposed under this chapter shall be reduced by an active duty continuation of benefits tax credit. A business is entitled to the credit if it has an employee who

4 21 is a member of the national guard or military service reserve
4 22 who is ordered to active duty, other than for annual training
4 23 exercises, for whom the business does any of the following:
4 24 a. Continues to include the employee on its payroll at a
4 25 salary or wages equal to at least the difference between the
4 26 average monthly salary or wages paid by the business to the
4 27 employee during the six months immediately preceding the
4 28 employee's commencement of active duty and the monthly active
4 29 duty pay.

4 30 b. Continues to pay for health benefits coverage for the
4 31 employee which coverage was the same as provided during the
4 32 six months immediately preceding the employee's commencement
4 33 of active duty.

4 34 c. Hires a replacement worker for the period the employee
4 35 is on active duty and both of the following apply:

5 1 (1) The replacement worker is paid at a salary or wages,
5 2 including overtime, equal to at least the average monthly
5 3 salary or wages paid by the business to the employee during
5 4 the six months immediately preceding the employee's
5 5 commencement of active duty.

5 6 (2) The replacement worker is provided by the business the
5 7 same health benefits coverage provided the employee during the
5 8 six months immediately preceding the employee's commencement
5 9 of active duty.

5 10 2. The amount of the credit for a business entitled to the
5 11 credit equals one thousand dollars for each employee for whom
5 12 the business meets the requirements of subsection 1, paragraph
5 13 "a", "b", or "c", during the tax year. However, if the
5 14 business qualifies for the credit for the same employee in
5 15 more than one tax year, the business shall select the one tax
5 16 year for which the credit will be claimed.

5 17 3. Any credit in excess of the tax liability for the tax
5 18 year may be credited to the tax liability for the following
5 19 ten tax years or until depleted, whichever is the earlier.

5 20 Sec. 5. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

5 21 This Act, being deemed of immediate importance, takes effect
5 22 upon enactment and applies retroactively to January 1, 2007,
5 23 for tax years beginning on or after that date.

5 24 EXPLANATION

5 25 This bill provides individual income tax, corporate income
5 26 tax, franchise tax, and insurance premiums tax credits for a
5 27 business that has an employee who is a member of the national
5 28 guard or military service reserve who is called to active duty
5 29 and that either continues the employee on the business's
5 30 payroll or continues providing health benefit coverage. The
5 31 business may also receive the tax credit if it hires a
5 32 replacement worker for the period the employee is on active
5 33 duty if the replacement worker receives comparable pay and
5 34 health benefits coverage to that received by the employee
5 35 prior to active duty. The amount of the credit equals \$1,000
6 1 per such employee. The credit is nonrefundable but may be
6 2 carried forward 10 tax years or until depleted.

6 3 The bill takes effect upon enactment and applies
6 4 retroactively to January 1, 2007, for tax years beginning on
6 5 or after that date.

6 6 LSB 1544YH 82

6 7 mg:rj/je/5.1